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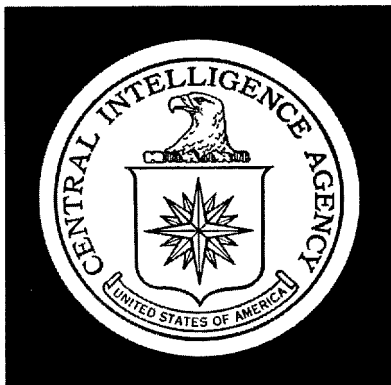
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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

The Situation in Vietnam

State Dept. review completed.

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Information as of 1600
22 May 1967

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HIGHLIGHTS

Few significant military incidents were reported during the day prior to the allied 24-hour cease-fire in honor Buddha's birthday, which began at noon EDT 22 May.

I. The Military Situation in South Vietnam:
Communist units attacked scattered allied military positions and installations throughout South Vietnam prior to the beginning of the Communist cease-fire period (Paras. 1-4). Allied forces continue to sweep through the southern half of the DMZ in search of NVA forces (Paras. 5-6). A Viet Cong defector reveals plans for an attack against Quang Ngai city (Paras. 7-8). A report [redacted] is evaluated (Paras. 9-10). The Viet Cong reduced rubber plantation taxes late last year in an effort to mollify French plantation owners (Paras. 11-14).

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II. Political Developments in South Vietnam:
Former premier Tran Van Huong has definitely decided to become a presidential candidate, and will announce his candidacy and his civilian running mate sometime this week (Paras. 1-4). A recently acquired Viet Cong document contains a VC analysis of non-Communist political groups in central Vietnam (Paras. 5-11).

III. Military Developments in North Vietnam:
Recent losses have seriously degraded North Vietnamese fighter aircraft inventory (Paras. 1-5). [redacted]

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IV. Other Communist Military Developments:
There is nothing of significance to report.

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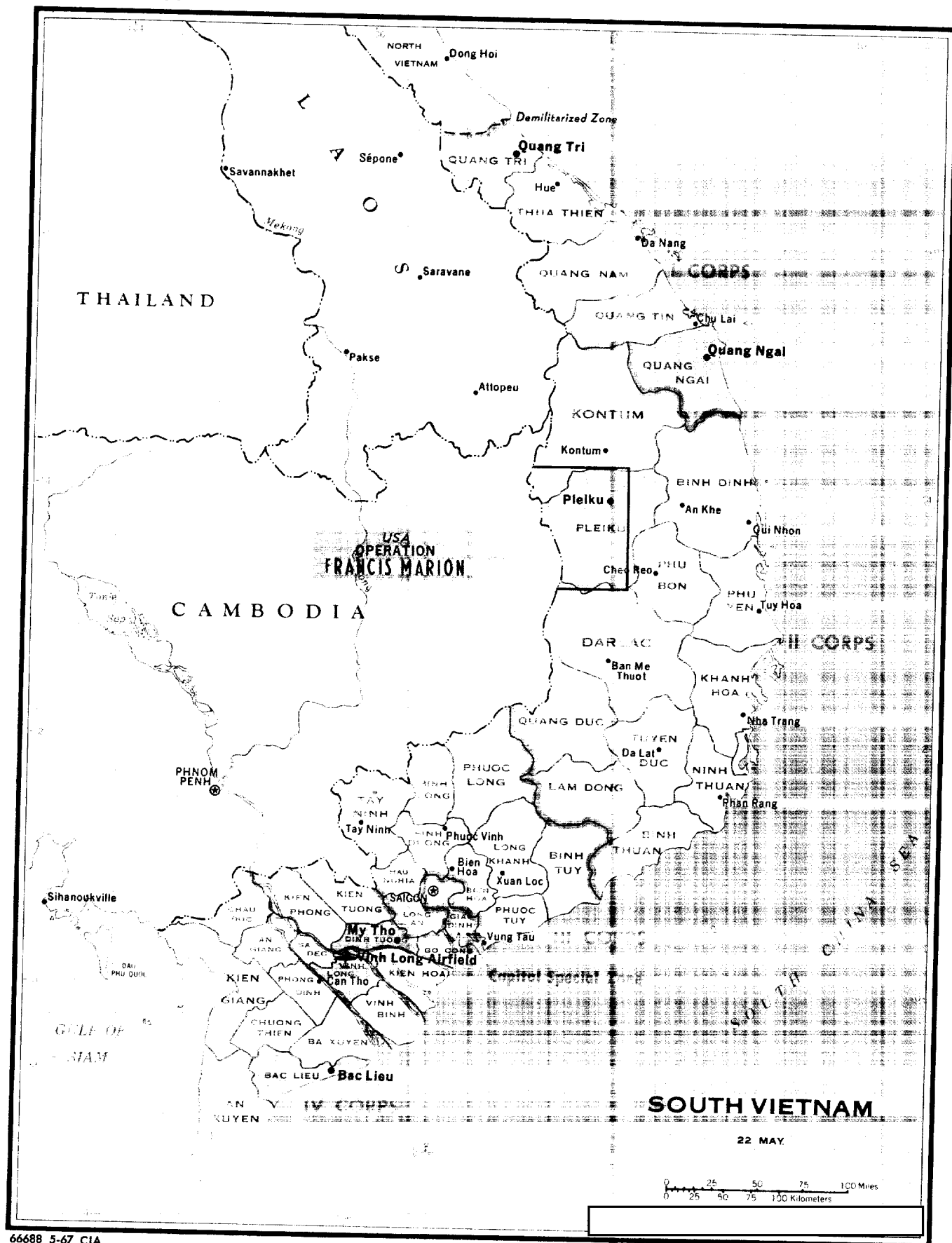
V. Communist Political Developments: Varied reports from pilots [redacted] indicate that the raids on 19 and 21 May against targets in Hanoi caused little damage (Paras. 1-5). Peking and Moscow comment on the raids (Paras. 6-7).

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VI. Other Major Aspects: Hanoi is continuing to convert portions of its rail system to dual gauge (Paras. 1-3).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. A flurry of Communist-initiated military activity throughout the country preceded the Communists' 48-hour cease-fire period--honoring the anniversary of Buddha's birth--which purportedly began on the morning of 22 May (7:00 p.m. EDT 21 May). Few significant incidents were reported between allied and Communist forces during the day prior to the allied 24-hour cease-fire, which began at midnight on 22 May (noon EDT 22 May).

2. Two US companies participating in Operation FRANCIS MARION clashed heavily with Communist forces 32 miles southwest of Pleiku city on 22 May. Initial casualty reports show 12 Americans killed and 67 wounded; enemy losses totaled at least 50 killed. This engagement follows closely the Communists' attack of 20 May on a US field position 21 miles southwest of Pleiku city and further suggests that an intensified enemy effort against allied forces in western Pleiku Province may be in its initial phase.

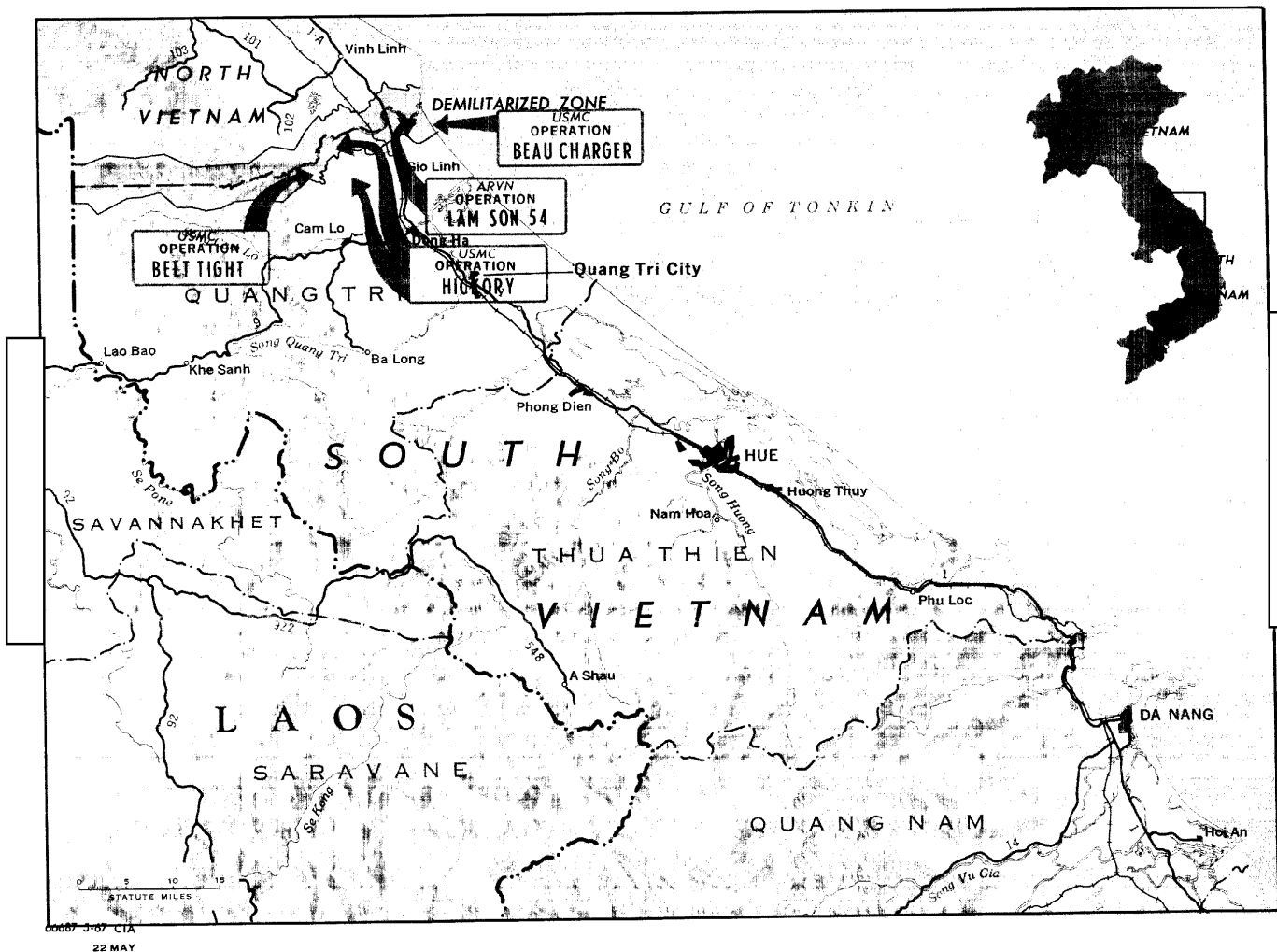
3. A series of Communist mortar attacks against US and South Vietnamese installations throughout the country was reported on 21-22 May. The largest attack was against the forward headquarters of the US 3rd Marine Division and the US air base at Dong Ha in northernmost Quang Tri Province. There was no report of casualties resulting from the 15-minute attack.

4. Other Communist targets included a US military compound in Quang Tri city, the US Army airfield at Vinh Long in the Mekong Delta province of Vinh Long, and the headquarters compound of the ARVN 21st Division at Bac Lieu in the southern province of Bac Lieu. Most of the attacks were sudden barrages of approximately 50 rounds. Several Americans were wounded and none were killed; however, a number of South Vietnamese civilians were killed or wounded when badly aimed rounds fell in civilian areas adjacent to the military targets.

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Seven civilians were killed and 40 wounded in the attack on Bac Lieu and another four killed and 34 wounded near My Tho in Dinh Tuong Province.

DMZ Activities

5. The four coordinated allied offensives designed to clear the southern half of the DMZ-- Operations HICKORY, BEAU CHARGER, BELT TIGHT, and LAM SON 54--have continued to seek out more of the estimated 9,000 North Vietnamese Army (NVA) regulars in the area. To date, total cumulative casualty figures show more than 600 enemy soldiers killed with allied losses reported as 84 killed (60 US) and 540 wounded (425 US).

6. Enemy losses for this five-day-old allied drive also include large quantities of equipment and supplies, including nearly 50,000 pounds of rice and more than 29 tons of miscellaneous ammunition and explosives.

Viet Cong Plans to Attack Quang Ngai City

7. A Viet Cong soldier who rallied [REDACTED]

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reported that three local force battalions together with his unit were planning a combined attack on Quang Ngai city. He described portions of the plan in which one battalion was responsible for shelling the airfield, another battalion was scheduled to strike the capital city, and a third group was to attack a nearby ARVN ammunition dump.

8. Enemy forces in the northeastern section of coastal Quang Ngai Province have the capability to attack in the manner described by the defector. Although no mention was made of a date for the attack, it is possible that the enemy will strike in the near future as a part of a coordinated Communist effort reportedly planned against major allied targets in the northern I Corps area.

Another Defector [REDACTED]

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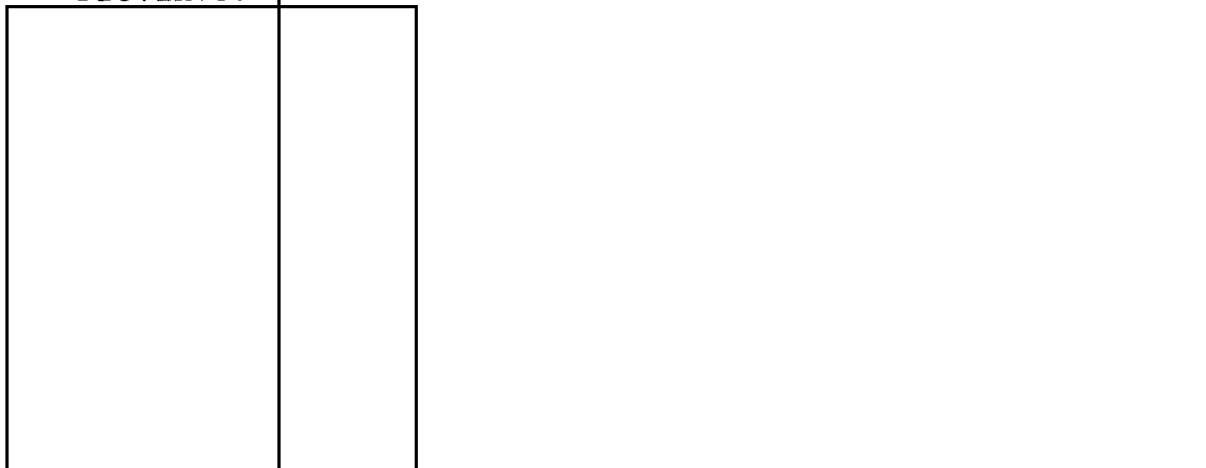
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[redacted] stated that his unit's mission was to attack Cam Lo, Khe Sanh, Dong Ha, and Con Thien. [redacted] further stated that the division headquarters along with three support battalions remained in North Vietnam's Ha Tinh Province.

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Viet Cong Ease Taxation of French Plantation Owners

11. In an apparent attempt to mollify French plantation owners and to obtain US dollars, the Viet Cong in September 1966 reduced rubber plantation taxes and began collecting the taxes in dollars.

12. According to a 19 September 1966 letter from the Finance and Economy Section of the National Front for the Liberation of South Vietnam to French plantation owners and plantation companies, the annual land tax was reduced from 200 piasters (approximately US \$1.70) to US \$.50 per hectare, whether cultivated or not. In addition, the income tax, which formerly ranged from 500 to 1,500 piasters per cultivated hectare, depending on the productivity of the rubber trees, was reduced to four percent of the annual income, based on an average hectare yield. This latter change was designed, the letter claimed, to encourage the

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planters to increase rubber production without fear of increased taxes. The four-percent tax based on a set hectare yield was to remain in effect for two years. The previous percentage levied was not revealed in the letter.

13. The tax was to be collected in dollars, according to the letter, because of the devaluation of the piaster that had occurred in June 1966. To avoid trouble with the GVN, the plantation owners were given the option of paying the tax either in South Vietnam or abroad, at a place of their own choosing. Payment was to be made once a year at the end of January.

14. Although the letter places the onus on the GVN by labeling the tax reduction an effort to ease the planters' difficulties brought on by Saigon's "tightening measures," the move is more likely an attempt to regain a measure of favor for the Communists, who had themselves been causing difficulties for the planters. For a year or more, French plantations had been under increasing pressure from both sides. The Viet Cong were exacting more and more demands, in the form of taxation, logistical assistance, and billeting, and the government reacted by exerting pressure on the plantations to stop their assistance to the Communists. Whereas the plantations had formerly provided help--either willingly or through expediency--with little complaint, they had begun to refuse Communists' demands. The new tax measures, in addition to opening up a source of US currency, may benefit the Communists by renewing the planters' willingness to provide assistance.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Former premier Tran Van Huong, the leading civilian contender for president, told a US Embassy officer on 21 May that he would officially announce his candidacy this week. Previously, Huong had hedged somewhat by declaring that his formal announcement would depend upon the fairness of the presidential electoral law. Huong still expressed dissatisfaction with the law as it now stands, but nevertheless stated that he is definitely a candidate.

2. Huong vigorously denied that he has had any conversations with either Premier Ky or Chief of State Thieu about merging candidacies. In view of considerable evidence to the contrary, however, US Embassy officials are inclined to believe that Huong was less than frank on this point. Apparently, Huong has come to the conclusion that the increasingly open and bitter competition between Ky and Thieu will greatly improve his own chances to win the presidency. At the same time, however, Huong did admit that he and assembly president Phan Khac Suu plan to compete against each other, although he tried to discount the probability that they would be campaigning for votes from the same southern groups.

3. Finally, Huong declared that he would name his vice-presidential running mate when he makes his official announcement later this week. He described his running mate as a civilian, a Buddhist, and a man known for his integrity. There are indications that Huong's choice might be southern Buddhist lay leader Mai Tho Truyen. When contacted on 20 May by a US Embassy officer, Truyen indicated that he was seriously considering offers to run as a vice-presidential candidate. During the conversation, Truyen also spoke out emphatically against the current involvement of the military establishment in the government and in politics.

4. A Huong-Truyen ticket would most likely prove very attractive to ethnic southerners, but would offer no regional appeal to residents of central Vietnam.

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In light of the qualities and reputations of the two men, "Integrity Instead of Corruption" is likely to become the theme of their campaign.

The Viet Cong Evaluate Their Influence on Vietnamese Political Groups

5. An undated Viet Cong document

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analyzes the importance and vulnerabilities of various political forces operating in the government's I and II Corps areas, which equate roughly with the Communist Military Region (MR) 5. The assessment, which appears to have been made in the latter half of 1965 or early in 1966, probably still represents a valid indication of Viet Cong views at the present time.

6. The document contains a generally realistic evaluation of the strengths, weaknesses, and anti-Communist political cast of the Dai Viet and Nation-alist (VNQDD) parties operating chiefly in I Corps, and states that these parties have recently caused the Communists some "short-range difficulties." The Communists state that their consistent policy objective toward both of these "reactionary" parties is to "disintegrate them, politically and organizationally," but they nevertheless differentiate between prominent, hard-core Dai Viet and VNQDD members, who are to be isolated or "punished" and newer members who may possibly be "re-educated and reformed."

7. After dealing with the Dai Viet and the VNQDD in one section, the document then discusses the activities of the "middle class" in central Vietnam, which specifically consists of the Buddhists, students, and intellectuals, and the Buddhist-student "struggle" movement. With regard to the Buddhists in MR 5, the document observes that as a group, they are "not very much swayed by dogma and religious discipline, and have been fairly much influenced by the Resistance and the Revolution." It points out, with apparent accuracy, that only when the Buddhist leaders' policies touch upon deep-seated popular aspirations can they arouse their followers, but that, in such cases, the Buddhists may receive support from the "broad nonreligious masses," including "the enemy's civil servants and armed forces."

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8. The document claims that the Viet Cong control "a small number of the Buddhist leadership" among the group that is "fairly progressive." It also states that only a few of the Buddhist leaders are "US lackeys," and that the great majority of them are committed only to self-interest--a view also expressed in an earlier captured enemy document. The Viet Cong admit that they have not been able to exercise effective control over Buddhist/student anti-government "struggle" movements, despite their apparently broad popular base, primarily because organized Communist strength in the cities is both small and inexperienced.

9. Students in MR 5 are characterized in the document as strong nationalists who will oppose the GVN and US when properly stimulated, but who lack political experience and stamina. The Communists state that they have been able to "organize a fair number of good, influential agents" among university and high school students, including agents in the Hue University student union and in the student "struggle" committees, but that they are not yet able to control these groups. Among adult intellectuals in MR 5, the Viet Cong claim that "some lean toward the Revolution," some are "US lackeys," and that a fairly large number are disaffected toward the government. Although the document describes intellectual circles generally as nationalistic, anti-American, and willing to negotiate peace at any price, it notes that most of them cling to "an independent bourgeois political line...and we have not been able to proselyte them much."

10. In concluding its discussion of "middle-class" elements, the document observes that various political factions--intellectuals, students, officers, the bourgeoisie, and some of the Buddhist leaders--are trying hard to become a mediator between the US and the Viet Cong. It concludes, however, that such groups are essentially subservient to imperialism and opposed to the "revolution," and that their politics are better defined than in the days of the anti-French resistance in that they now want to take power and set up a government themselves. Nevertheless, the

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document states that "when it is to our advantage, we must unite with them to oppose the US imperialists and their lackeys...while combatting, firmly and cleverly, their ideology of reformism, opportunism, compromise, and surrender."

11. The Communist interpretation of the montagnard autonomy movement, FULRO, is covered in the document's final section, and appears to be the least accurate analysis among the groups discussed. FULRO is viewed as a tool of US imperialism, with some French involvement. The document apparently reasons that such external control is manifest in FULRO's anti-Communist, "antipeople's" policy; it therefore sets forth, as the objective of Communist policy, the destruction of FULRO so that it cannot be used to US advantage.

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III. NORTH VIETNAMESE MILITARY DEVELOPMENTS

1. The seriously degraded North Vietnamese fighter aircraft inventory dwindled even further over the past three days with the shootdown of ten--possibly 11--aircraft, [redacted] and the possible destruction of four others on the ground.

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2. Aerial engagements since 19 May have cost the DRV seven MIG-17s and three MIG-21s shot down. An eighth MIG-17 is listed as probably shot down. These kills bring the number of MIG shootdowns in May alone to 21 MIG-17s and four MIG-21s. The total number of North Vietnamese aircraft shot down now stands at 69.

4. The remaining four losses sustained by the DRV occurred on 21 May during a strike against Kep Airfield. Pilots returning from that strike reported that three MIG-17s were burning on the ground and one other was heavily damaged.

5. Prior to this weekend's strikes, it was estimated that North Vietnam had 56 operational MIG interceptors at four bases in the Hanoi-Haiphong area.

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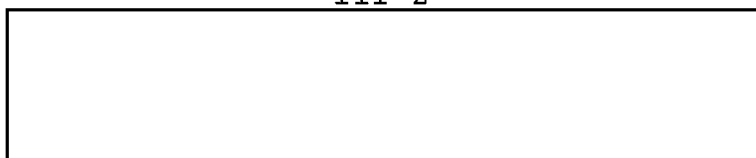
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As of 22 May this figure had decreased to an estimated 35 to 40 operational fighters left within the country.



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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. Reports of bomb damage to Hanoi during air raids on 19 and 21 May are varied but initial pilot debriefings [] indicate that there was little damage on the 19th and that the raids on the 21st caused a power blackout for about 17 hours.

2. []

[] during raids on the 19th there was some destruction of houses about 20 yards south-east of the water plant, rocket damage to the North Korean Embassy, and damage to some houses and trucks in Le Truc Street, about 100 yards from the Soviet Embassy. The damage near the Russian Embassy was caused by an American aircraft which crashed into some trucks parked on the street.

3. The raid on the 21st apparently did damage the power plant. Pilots reported direct hits on the eastern end of the boiler house and several other hits in the vicinity of the generator hall. [] indicates slight structural damage to the northeast corner of the boiler house but none in the main power plant area. []

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Peking and Moscow Comment on Bombing of Hanoi

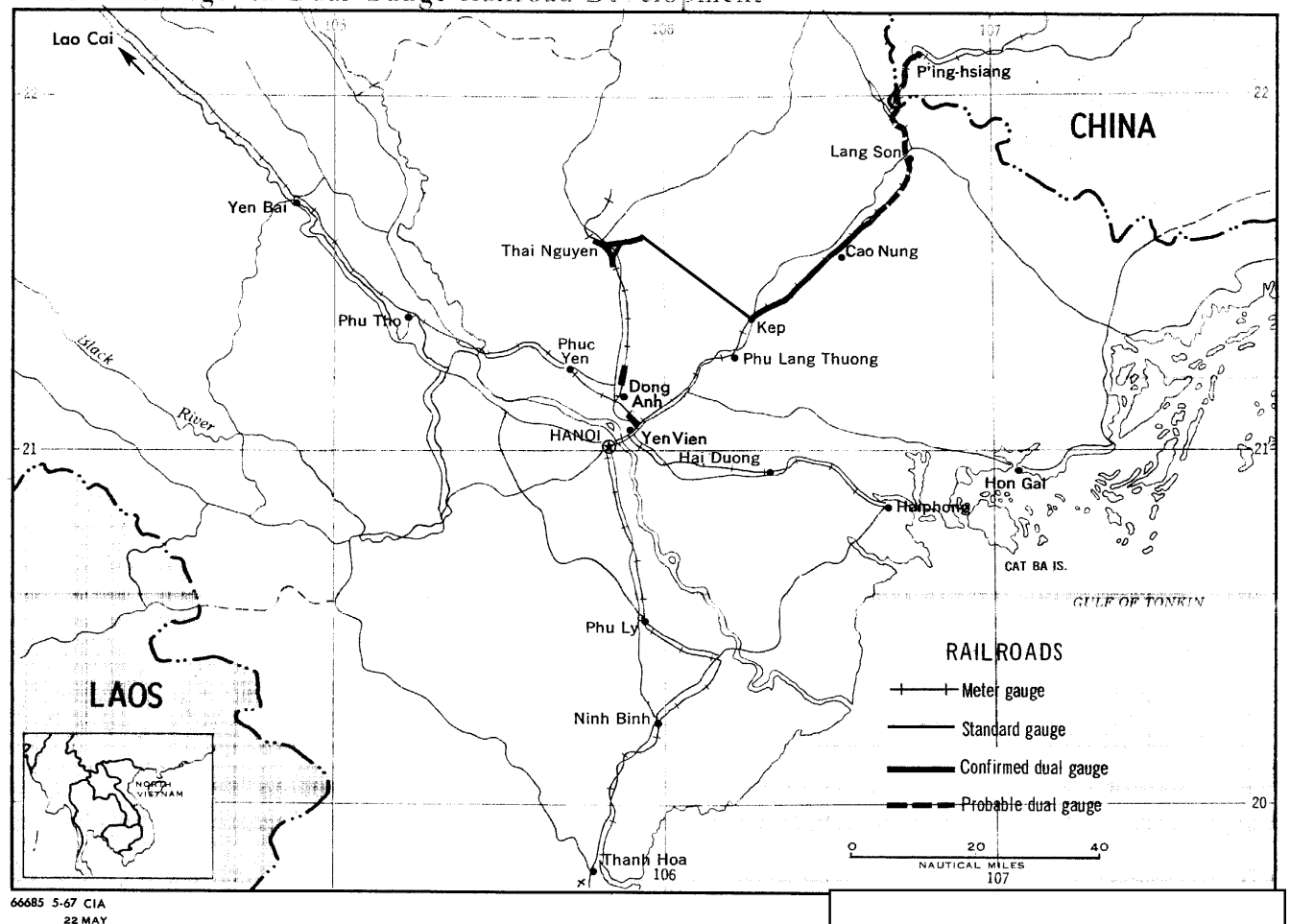
6. Chinese concern over Hanoi's willingness to persist in the war in the face of the recent intensification of US bombing was reflected on 21 May in a Foreign Ministry statement on Vietnam--the first high-level Chinese commentary on this issue since late April. Denouncing the recent raids on targets in the Hanoi area, the statement seemed primarily aimed at bolstering Hanoi's spirit. It claimed that the bombings were a sign of US weakness and that the Vietnamese people will "in any circumstances" fight until complete victory. Concern over possible DRV maneuvering on the question of negotiations was also suggested by the statement's implicit warning to Hanoi against a US, Soviet, and British "dirty deal" to bring about "peace talks." Peking claimed that British Foreign Secretary Brown's trip to the USSR was designed to revive "peace talks."

7. The USSR has denounced the US bombing of Hanoi and invasion of the DMZ in predictably harsh terms. Izvestia calls the move an immediate threat to North Vietnam, and Pravda on 20 May described the action as a "sharp intensification." Soviet news media continue to reiterate Soviet determination to render all necessary assistance to North Vietnam.

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Hanoi-Thai Nguyen Dual Gauge Railroad Development



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VI. OTHER MAJOR ASPECTS

1. The North Vietnamese are continuing their efforts to convert portions of their rail system for use by both meter- and standard-gauge trains.

2. Photography [] has revealed that portions of the Thai Nguyen - Dong Anh line and segments of track from Dong Anh to the junction of the Hanoi-Pinghsiang line at Yen Vien have been converted to dual gauge. This construction appears to be the counterpart of work observed [] and probably indicates that dual-gauge construction has been completed along the line's entire length.

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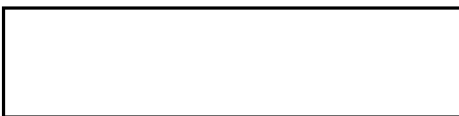
3. Other photographic evidence has revealed that the line between Kep and Pinghsiang is also dual gauge to within at least 25 miles of the border. When completed, this conversion will allow standard-gauge trains entering North Vietnam from China to travel without interruption all the way to Hanoi via Pinghsiang, Kep, Thai Nguyen, and Dong Anh.

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